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## The implementation of CRM system for Agribank in Vietnam

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### Abstract

Customers are the source of income for commercial banks, a bank with a large customer volume and high loyalty will develop well and vice versa. Therefore, maintaining and expanding customer relationships is one of the top priorities of any commercial bank, of which Agribank Saigon branch is not an exception. However, how to maintain and develop customers is not easy, to do that requires the impact of many factors, of which customer relationship management is one of the important and necessary factors to maintain and develop

the number of its customers. In fact, over the past time, Agribank Saigon branch has had many solutions to keep and develop customers. However, that is not really effective, causing many customers to complain or stop trading, as well as not developing potential customers. Therefore, in order to maintain and develop customers, researching and providing customer relationship management solutions is a very necessary job of Agribank Saigon branch in the current period.

**Keywords:** CRM, Agribank, customer relationship

### 1. Introduction

#### Research overview

In Vietnam, there have been quite a few researches on customer relationship management in general and customer relationship management in banking in particular, here are some typical seminars and research projects: faculty of Marketing - National Economics University in collaboration with BSC Software Joint Stock Company organized a National Scientific Conference with the topic "Customer Relationship Management - Theory and Practice" application in Vietnam" to raise understanding and awareness about the role and importance of applying Customer Relationship Management into practice, December 8, 2012. The conference focuses on the following topics:

- Theoretical issues of customer relationship management
- Assess the current situation of customer relationship management in Vietnam: processes, activities, success and limitations, influencing factors and conditions for application. Problems of CRM application in localities, Vietnamese organizations/enterprises in terms of people, processes and technology;
- Practical application of CRM in some specific business industries such as banking, insurance, aviation, pharmaceutical, retail industry.
- Technology issues such as features, values, structure and usage of CRM software. On September 13, 2012, Oracle Corporation collaborated with FPT IS and Hitachi. There were also articles published in some specialized marketing magazines. Basically, the above studies have given the basic concepts of customer relationship management in general and customer relationship management in banking in particular. In addition, the general characteristics as well as the importance and benefits of applying CRM in commercial banks are given. The study also shows the current status of CRM activities in specific branches for each topic. Point out strengths and weaknesses in customer relationship management policy and customer relationship management system at each unit. At the same time, provide solutions and suggestions to improve and develop the customer relationship management system at specific banks. However, the studies only give specific judgments and solutions for each branch, each bank with the characteristics of people, technology, resources, different cultures, characteristics of different groups different customers thus in order to enhance business efficiency, improve reputation and build relationships with customers.

#### Urgency of the research problem

Today, with the development and economic integration as well as the opening of more and more banks, this is one of the reasons why Vietnamese commercial banks have to face increasing competition fierce and fierce from domestic and foreign banks.

A commercial bank can only continue to exist and develop under great competitive pressure if it understands the importance of customers, can attract and retain customers, and at the same time build a long-term relationship based on a specific strategy to satisfy its customers. Customer-oriented business strategy is becoming the most important strategy for every bank.

Besides, according to the 80/20 rule, 80% of the revenue or profit of a business is generated by 20% of loyal customers. Therefore, building a complete customer relationship management (CRM) system in each bank, in order to create and maintain sustainable relationships with customers, satisfy and add value for customers as well as profit for the bank is very necessary and urgent for the long-term development strategy of commercial banks. In the world, now that customer relationship management is increasingly popular and developed, businesses have realized the importance of CRM in their business operations. In Vietnam, CRM has attracted the attention of a number of commercial banks, but the application and implementation have not been really effective. Perfecting the CRM system is one of the levers for the existence and strong development of each bank. CRM helps businesses effectively use resources, processes and understand the benefits of technology for increasing customer value. This allows for improved service quality, contact and sales processes as well as after-sales customer care services.

Above all, building a good and lasting relationship with customers is a decisive factor for the success of every business. Agribank Quang Ninh is one of the units that play an important role in the socio-economic development of Quang Ninh province. With the operating principle of "bringing prosperity to customers", the bank has recognized the importance of CRM and the development of CRM is in line with the bank's long-term development strategy, the achievements so far are mainly thanks to building relationships with customers, the problem is how to maintain and develop that relationship and how to manage customers. Therefore, the problem of developing and perfecting the customer relationship management system is one of the prerequisites that Agribank Quang Ninh cares about in order to build and develop customer relationships.

### Objectives of the study

- Systematize some theories on customer relationship management in the field of commercial banking.
- Assess the current situation of issues related to customer relationship management at Agribank Quang Ninh.
- Proposing complete solutions to improve the operating efficiency of the system.

## 2. Theoretical Framework

### 2.1. Overview of the CRM system

#### Concepts

CRM (Customer Relationship Management) is a process of gathering information to increase understanding of the management of an organization's relationship with its customers. It is a business strategy where information technology is used to provide businesses with a comprehensive, trusted, integrated view of their customer base, through which all processes and customer interactions help maintain and expand mutually beneficial relationships. CRM is therefore a technique or a set of processes designed to collect data and provide information to

assist an organization in assessing strategic options (Zikmund et al., 2003).

### Characteristics of CRM

CRM enables to identify, attract and retain the best customers for higher sales and profits. CRM builds long-term, meaningful, personal relationships with customers who will generate future business income.

CRM develops and perfects customer relationships by increasing business with each of your existing customers (cross-selling, up-selling).

CRM brings businesses closer to customers, to better understand each person, to deliver greater value to each person, and to make each person more valuable to the business. Businesses make their products and services more satisfying, convenient, and valuable, making customers more willing to spend their time and money than any competitor. Building customer value adds value to the demand chain, the flow of business from the customer back to the retailer and then to the manufacturer.

CRM involves treating different customers differently. A company carrying a customer strategy interacts directly with each individual customer. Customers tell the company how they want to be treated. Based on this interaction, the company will adjust its behavior towards that customer. In essence, that concept is specifically a one-to-one relationship (a customer with a business – customer input to business output for a specific customer).

CRM aims to achieve specific customer goals through actions directed at specific customers. What makes CRM a truly different model in business and competition is the company's business strategy to achieve specific customer goals with specific customer actions. It cannot be attributed to marketing when there is no hope of success. Targeting specific customers means adding value to each customer. Therefore, the company will take specific actions with each customer with new technologies.

CRM creates optimal return on investment by integrating individual customer information into every function of the organization, from customer service, manufacturing, logistics to channel management. CRM is both an operational process and an analytical process. Operational CRM focuses on software settings and process changes that affect the day-to-day operations of the business. Analytical CRM focuses on the strategic planning needed to build customer value, as well as the culture, measurement, and organizational changes required for successful strategy implementation.

### 2.2. The role of the CRM system in the business strategy of banks

Like other businesses, customers also play a very important role, directly affecting the success or failure of a bank in the context of increasingly fierce competition in the financial and monetary market. As a business field where the difference in products and services is hardly much, and the prices and interest rates are almost the same, banks can only attract customers with service quality, by improving customer service quality high value of products for customers, by preferential policies, by brand reputation, efforts to create and develop good and long-term relationships with our customers.

Therefore, it can be said that the level of internal competition in the banking market is very fierce, especially when the participation of foreign credit institutions is no longer subject

to tight constraints from the Government and our State as before. The level of fierce competition will remove from the market those banks that do not actively adapt to that competitive environment.

Therefore, it can be said that CRM is an effective solution to overcome these problems, an effective tool for business activities of Vietnamese banks in:

- Accurate and timely identification of the needs and wants of the market and customers.
- Determine how to meet those needs and desires more effectively than competitors, improving the quality of banking services.
- Helping the bank improve its competitiveness in the process of international economic integration.

### 2.3. Features of CRM system at banks

Currently, in terms of technology, there have been a few commercial banks in the country that have applied CRM technology and initially obtained good results. Many commercial banks are at the level of CMS, communication management system. This has limited the effectiveness of customer relationship management, because banks have only built a common database system for finding out information about customers and sharing it between marketing departments sales and customer care exploitation.

Due to the lack of application of CRM software technologies, banks do not have a separate CRM department in the organization.

Currently, in the face of increasing competitive pressure among credit institutions, financial funds, and insurance companies both at home and abroad operating in Vietnam, the problem is how to optimize with many benefits for customers, improving the efficiency of the sales team, and at the same time supporting direct management, CRM is considered as the three key in solving the problem of customer data management.

CRM systems include entire organization, which means that the entire organization towards the customer, the relationship management client is not a single task of any department. However, from a technology perspective, CRM in banks with supporting software is now divided into three basic parts: Marketing, sales, service.

The functions CRM technology provides are usually:

#### For sales department

- CRM is a tool to help automate sales force (Sale Force Automation)
- As a central tool to help answer customers (Call Center)
- As a supply chain management tool
- *For customer support services:*
- As a support service management tool
- Hotline tool
- Administrative Tools services in ch eg hard
- *With Marketing Department:*
- Lead Management tool
- Tools to help analyze customer profitability
- Marketing campaign management tool
- Email marketing tools
- Other marketing automation tools

We can imagine the working mechanism of CRM systems in commercial banks as follows: CRM helps commercial banks' customers easily exchange information with the bank by various types of interactions. The information that

commercial banks receive will be focused on the database created by the CRM system. Some joint-stock banks have started to implement programs to support data warehousing focused mainly scientific development of information on customer sales.

Next, these databases will be analyzed, evaluated, gathered at the processing center, and with the support of the Marketing department, will help identify and classify the importance of customer types are more accurate and fast. By exploiting the maximum and continuously updating information about customers, CRM in banks is now a powerful tool to support sales staff in finding, updating and unifying data. This information will include customers who do not have a relationship (by the customer relations officers gradually added to the system) and existing customers.

Customer relations officers, credit officers will be the ones who enter the customer databases. This is exactly how each salesperson defines himself A customer acquisition model in CRM for relationship agents A customer acquisition model in CRM for customer relations reps, for themselves, and also as a way to notify the whole system to avoid duplication in accessing and supplementing customer information. Not only that, customer relations staff can completely search and exploit relevant information, historical information between businesses has been stored.

For managers, reports that update customer information such as meeting schedules, weekly plans, etc. will assist in controlling the work of junior credit officers. Thereby, the person in charge will always know what his employees are doing, where and how effective each job is.

Most importantly, customers will be closely managed, constantly updated with information and cared for regularly. The problem of after-sales service, maximizing benefits for customers will be thoroughly solved in order to develop the bank's image and brand.

Many commercial banks in the world have implemented and applied CRM since the 1990s. Except for foreign banks operating in Vietnam, domestic joint-stock commercial banks are now well aware of the importance of CRM and have preliminary implementation. There are also a few banks that are developing CRM in the direction of integration with a number of other utilities, such as: online submission approval, business unit leaders can monitor the progress of submissions, edit and approve on the system; Or set up an appointment with the bank; Create a forum exclusively for customer relations staff to exchange.

## 3. Research Methods

### 3.1. Sources and methods of data collection

#### Data collection method

Secondary data is collected through business reports and data from specialized departments of the bank.

Primary data of income by direct interview with customers who are using the bank's products and services.

#### Sampling method

Convenience sampling, this is a convenient opportunity-based sampling method in the sampling process. The selection of subjects for interview is entrusted to the interview, based on the ease of contact with the most convenient opportunity to reach customers.

Sample size  $n = 50$  because only descriptive statistics method is used, the number of samples only needs to be over 30

In addition, the topic uses information from relevant websites and research articles.

### 3.2. Research methods

#### Methods of data analysis

##### Comparative method

Absolute comparison method: used to compare the indicators of economic indicators in the analysis period with the base period to see the variable levels of those indicators, thereby proposing remedial measures.

The level of volatility of an index = value analysis - value base period

##### Relative method

Clarifying the fluctuation of economic indicators in a certain period of time. Compare the growth rate of the indicator between the years and compare the growth rate between the indicators.

##### Texture relative number

The comparison of the relative number of structures shows the difference in the proportions of each component in the total analysis period and the base period of the analytical criteria.

### 3.3 Research process

- Identify the problem and topic of the formation and development of the CRM system at Agribank
- Developing a research plan:
- Divide the problem into many aspects to study;
- Divide work for members to find out information, look up documents
- Collecting information through document lookup, survey and investigation
- Analyze information to draw out the necessary content for the article
- Present the results obtained in the article.

## 4. Research Results and Discussions

### 4.1. History and characteristics of CRM system at Agribank

Vietnam Bank for Agriculture and Rural Development (Agribank) was established under Decree No. 53-HDBT dated March 26, 1988 of the Council of Ministers (now the Government). Experiencing each development period with names associated with different missions, throughout 32 years of construction and development, Agribank has always affirmed its position and role as one of the leading commercial banks in Vietnam. Taking the lead in implementing monetary policy, contributing to stabilizing the macro-economy, controlling inflation, supporting growth, always accompanying the development of agriculture, farmers and rural areas, making many positive contributions actively promote the process of economic restructuring, new rural construction and social security assurance.

As one of the state-owned commercial banks playing a key role in the banking system, Agribank always promotes the pioneering and exemplary role of a State-owned commercial bank in leading the system of credit institutions seriously and effectively implement the national monetary policy and the Party and State's guidelines and policies on monetary and banking, especially credit policies for agricultural and rural development.

Agribank constantly simplifies lending procedures, improves

lending models and methods cooperates with local authorities, Farmers' Unions, Women's Unions and socio-political organizations to deploy over 68,000 organizations. loans with nearly 1.5 million members; Safely deploying 68 mobile transaction points by specialized cars with nearly 8,200 transaction sessions, serving more than 800,000 customers in over 400 communes nationwide, creating favorable conditions for households and individuals access to loans and banking services in remote areas. Deploying the consumer credit program, up to now, the program's loan turnover has reached over VND 7,400 billion with 193,000 households and individuals supplemented with capital to serve legal and urgent needs and improve people's lives people in rural areas.

By proactively making credit investments and providing convenient banking products and services, Agribank is opening up opportunities for millions of Vietnamese farmers to have access to leading agricultural techniques in the world applying the results of the industrial revolution 4.0 into production and business, contributing to bringing Vietnam's agriculture to make great strides in joining the global "playground".

### 4.2. Strengths and weaknesses of the CRM system at Agribank compared to the Big4

Although some private banks are growing up very quickly, when it comes to scale and influence on the market, the group of 4 state-owned commercial banks: Agribank, Vietcombank, VietinBank, and BIDV are still associated with the "big name" name. ", "Big 4 banks". In the eyes of investors or the banking workforce, the business activities of this "Big 4" group always attract great attention. Agribank was often considered the "big brother" in the system many years ago. However, with the early equitization, the remaining 3 banks, BIDV, VietinBank, and Vietcombank, accelerated very quickly. In terms of scale, Agribank is still the leader, but in terms of business results, it is facing fierce competition, even somewhat losing compared to the other 3 banks.

The following is a comparison of the strengths and weaknesses of the CRM system at Agribank with the rest of Big4 banks.

#### Strength

- Agribank has many years of experience in banking management and operations, so when facing risks, it will handle it more flexibly.
- Attract customers by offering various forms of promotions thereby creating a strong relationship between employees and customers. Such as applying a ladder interest rate, promotional campaigns when opening ATM cards at transaction points, giving gifts to customers on the occasion of opening a new office or introducing new services and products. Especially prepare essential gifts on special days of the year such as holidays, birthdays of old customers.
- In addition, Agribank also actively appoints staff to businesses and universities to introduce products and services, along with incentives when opening Agribank accounts; Set up ATMs at these units to facilitate transactions.
- Agribank easily accesses a large number of customers from urban to rural areas through the largest system of branches and transaction offices in the country: up to 2,233 branches spread throughout Vietnam.

- Especially tighten relations with localities when actively lending to customers through loan groups (belonging to farmers, women's unions) to meet people's needs, thereby helping many people avoid pharmaceutical pitfalls of black credit.

#### Weakness

- The operating mechanism is still heavily imprinted with the state mechanism, so sometimes the handling of work is still slow, inflexible, and slow to amend.
- The labor force is quite large, but the number of high-quality, experienced and qualified employees is still lacking, not meeting the requirements in the integration process.

#### 4.3 Promotion and exploitation of the strengths of the CRM system at Agribank

Currently, there are a few commercial banks in Vietnam that have applied CRM technology and initially achieved positive results. Many banks are at CMS level - communication system. This partly limits the effectiveness of customer relationship management activities because banks have only built a common database system for finding customer information and sharing it between department marketing, sales and customer care exploitation. In addition, because CRM software technologies have not been applied, banks do not have their own CRM system in their organizations.

With the increasing competitive pressure of credit institutions, financial funds, and insurance companies both at home and abroad operating in Vietnam, banks need to be more agile. The problem is how to maximize the benefits for customers, improve the efficiency of the sales team and support direct management. Therefore, CRM in the bank is considered as the key to solving the problem of customer data management.

We can imagine the operating mechanisms of CRM systems in banks as follows: CRM will help customers of commercial banks to exchange information easily by various types of interaction. Diversity. The information that the bank brings will be focused on the database system created by the CRM. Some banks have initially implemented customer data warehouse support programs, focusing mainly on developing information about corporate customers. In addition, these facilities will be analyzed, evaluated and gathered at the operation and processing center to, with the support of the marketing department, help identify and classify the importance of customers goods are faster, more accurate.

With the maximum exploitation and continuous updating of customer information, the application of CRM in banks is now one of the powerful tools to support sales staff in finding, Update and unify data. This information will include non-relationship customers and pre-relationship customers.

The customer relations and credit officers will be the ones who enter the customer databases. These are the ways that each salesperson will automatically identify their own customers, and also the way to notify the whole system to avoid duplication in accessing and adding customer information. Not only that, customer relations staff can completely search and exploit relevant information, historical information between businesses that has been stored by the system.

For managers, customer information updates such as meeting schedules, weekly plans, etc. will support the work control of junior credit officers. From there, the person in charge of

directly will know what his employees are doing, where and how effective each job is.

Thus, the implementation of CRM in banks is very necessary in the current context. This is considered one of the effective tools for commercial banks to improve their competitiveness in the context of integration and globalization.

#### 4.4. Overcoming the weaknesses of the CRM system at AGRIBANK

##### ▪ The technology platform is not really strong

Despite possessing a young, creative human resource and a spirit of constant learning from advanced technologies, the domestic technology resources are still not really rich, equipment or transmission lines are not very rich still faces many obstacles. This leads to limitations in interface design, unclear information fields or difficult navigation for first-time users. On the other hand, the CRM implementation process of many systems has been modified with features, so it is difficult to update the software when there is a need to change. Appeared in the world since the 1970s, but in the early 2000s, the application of customer relationship management solutions really started in Vietnam. Due to the difference in access time and technology, the experience in building a CRM implementation process is still poor, facing many problems in installation and operation.

##### ▪ High cost

Currently, foreign CRM systems often have prices ranging from a few hundred to several thousand dollars per month, the more features, the higher the price. This is not a low number; even large companies need to consider carefully before deciding to cooperate.

##### ▪ Difficult support

Software from abroad will have certain difficulties if you need help, due to the difference in time zones, languages, long distance phones so in most cases you will have to find documents, research and practice on your own proficient before starting implementation.

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